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GOVERNMENTAL EFFICIENCY STUDY

**HENDERSON
COUNTY,
NORTH
CAROLINA**

A B S T R A C T

TITLE: Governmental Efficiency Study
Henderson County, North Carolina

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For Division of Community Planning, Western Area Office

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operation of local government in Henderson County.

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ABSTRACT: This report consists of six sections. Sections I through IV contain analyses of county expenditures, tax base debt and general financial conditions. Section V contains a physical space utilization survey. Section VI consists of recommended changes and/or modification of present organizational structure and procedural methods employed by the county. The latter section also contains suggested capital improvement needs.



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GOVERNMENTAL EFFICIENCY STUDY
HENDERSON COUNTY, NORTH CAROLINA

July, 1971

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This Report prepared for:

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INTRODUCTION

Efficiency in government is the subject of much concern among scholars, public officials and taxpayers alike. Efficiency itself is an elusive concept. This is especially true in the public sector. By what standards are we to judge efficiency? Obviously, the traditional measuring devices employed by the private sector are inadequate. Most governmental activities simply do not lend themselves to profit and loss accounting.

If there is a single unifying thread around which this report is woven, it is the assumption that local governments commonly employ a piecemeal approach to providing services. Issues, problems, and public demands seem to be treated as they arise. Few are the local units making arrangements today for the services that will have to be provided tomorrow.

As the information presented herein illustrates, Henderson County Government is rapidly growing. This report endeavors to shed some light on the future. The contention is that now is the proper time to re-evaluate traditional modes of operation with a view to preparing for tomorrow's needs.

S E C T I O N I

EXPENDITURE TRENDS

The following analysis of Henderson County expenditure trends is based on empirical data for the period beginning with Fiscal Year 1961 and ending with Fiscal Year 1970. The sources of the information presented are the annual budgets and audit reports for the same time frame. The reader will note that a ten year projection of county expenditures is included. The extrapolation is based on the average annual rate of expenditure increases for the period. The projection is not precise, but merely a crude instrument to aid local policy makers in envisioning the size and scope of county government ten years hence.

In reviewing the growing level of county expenditures in the past decade some allowance should be made for rising costs due to inflation. This is especially the case in the past five years. In the last column of the ensuing table, two expenditures for 1970 have been deflated to 1960 price levels. This was done by applying the percentage change from 1960 to 1970 in the Department of Labor's Consumer Price Index to 1970 county expenditures.

The reader is urged to compare the growth rate of the county's expenditures with the growth rate of the county ad valorem tax base. Tax base data is presented in a succeeding section of the report. The comparison will reveal a very close correlation between the two factors; an indication that expenditures have increased abreast of increases in the county's ability to sustain them.

All Federal and State contributions have been excluded from the figures

presented below. This is of no mean significance, especially with regard to State support of the county school system and Federal support of various health and welfare programs. No distinction has been made between operating expenses and capital outlay. The intention here is to treat total expenditures. The reader should be aware that the figures conceal numerous outlays of a non-recurring nature for equipment. Of major significance is a 1970 appropriation to the general fund in the amount of \$175,000 for the construction of the new county office building.

TABLE I
EXPENDITURE TRENDS
HENDERSON COUNTY, NORTH CAROLINA

1961 - 1970

| | <u>General Government</u> | <u>City-County Schools</u> | <u>County Welfare</u> | <u>Debt Service</u> | <u>Total</u> | <u>*Real Increase</u> |
|------|-------------------------------|--------------------------------|---------------------------|-------------------------|--------------|---------------------------|
| 1961 | \$ 362,036 | \$ 457,958 | \$612,141 | \$607,872 | \$2,040,007 | \$2,040,007 |
| 1962 | 384,236 | 520,159 | 640,189 | 565,046 | 2,109,630 | |
| 1963 | 443,143 | 537,931 | 679,446 | 586,208 | 2,246,728 | |
| 1964 | 521,417 | 757,893 | 665,812 | 503,276 | 2,448,398 | |
| 1965 | 555,897 | 641,378 | 625,439 | 481,719 | 2,304,443 | |
| 1966 | 726,872 | 671,428 | 652,496 | 409,505 | 2,460,301 | |
| 1967 | 572,476 | 729,140 | 664,029 | 535,322 | 2,500,967 | |
| 1968 | 789,296 | 828,352 | 737,529 | 560,423 | 2,915,600 | 2,915,600 |
| 1969 | 948,414 | 1,001,959 | 754,017 | 538,065 | 3,242,455 | |
| 1970 | 1,083,129 | 1,184,217 | 806,359 | 529,016 | 3,602,721 | 2,557,931 |

*1960 = base year; \$1.00 = \$1.00

1970 - \$1.00 = 71¢ @ 1960 price level.

NARRATIVE

Total county expenditures increased 76 percent for the decade. If this rate of increase is sustained for the current decade, by 1980 expenditures will have more than tripled their 1960 level.

During the period the cost of providing general government increased 200 percent. School expenditures rose 160 percent. Welfare expenditures increased 34 percent. Outlays for servicing the county debt actually decreased during the period. This was a reflection of the current administration's policy of recapturing debt capacity as quickly as possible. However, debt service will rise substantially in 1973 when the first maturity falls due on \$5,996,000 of general obligation bonds which will probably be marketed this summer.

Certain types of expenditures increased much more rapidly than the average of total expenditures for the decade. These include salary and personnel costs, building maintenance and repairs (primarily the courthouse and jail), the county ambulance service, health and mental health, and school operating expense and capital outlays. The schools, of course, were a major category of expenditure.

SECTION II

THE AD VALOREM TAX BASE -- HENDERSON COUNTY, N. C. 1961-1970

The following table depicts the growth of the county's ad valorem tax base during the past decade. The accompanying narrative includes a projection of the 1980 base. The projection is made on the same basis used to project the county's expenditure. The reader is advised that tax bases are particularly sensitive to economic fluctuation.* Projecting a tax base assumes that the same rate of economic growth experienced in the past will be experienced in the future. The approach is hazardous because economic growth is a compound process. Assuming the national economy does not experience major cyclical fluctuation, economic expansion in Henderson County should proceed at a higher rate in this decade than it did in the past decade. Unfortunately, the only tool available for extrapolation is past performance. Thus, in the opinion of this analyst, the projection should be considered conservative.

TABLE II
AD VALOREM TAX BASE
HENDERSON COUNTY, NORTH CAROLINA
1961 - 1970

| | <u>1961</u> | <u>1962</u> | <u>1963</u> | <u>1964</u> | <u>1965</u> |
|-------------|--------------|--------------|--------------|--------------|--------------|
| Real | \$51,498,205 | \$53,583,603 | \$56,065,608 | \$58,794,906 | \$60,985,996 |
| Personal | 14,994,198 | 15,186,529 | 17,311,824 | 17,369,454 | 18,637,368 |
| Corp Excess | 2,659,810 | 2,862,645 | 2,906,949 | 2,876,122 | 3,107,889 |
| Total | \$69,152,213 | \$71,632,777 | \$76,284,381 | \$79,040,482 | \$82,731,253 |

* It should be noted that a property tax base is less responsive to cyclical fluctuation than other tax bases. In North Carolina the time lapse between revaluation could leave the property tax base relatively unaffected even though several cycles had been experienced. However, projections are concerned with growth and hence new additions to the base as well as the current base itself. New listings are valued at current prices and thus are subjected to the effects of cyclical fluctuation.

TABLE II, Continued

| | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|-------------|--------------|--------------|---------------|---------------|---------------|
| Real | \$63,617,231 | \$71,777,885 | \$74,478,219 | \$76,863,104 | \$79,347,862 |
| Personal | 19,911,851 | 20,785,666 | 21,498,419 | 23,758,908 | 26,576,792 |
| Corp Excess | 3,326,951 | 3,963,242 | 4,354,503 | 5,017,751 | 5,384,711 |
| Total | \$86,856,033 | \$96,526,793 | \$100,331,141 | \$105,639,763 | \$111,309,365 |

NARRATIVE

During the decade the tax base expanded 69 percent. They reflect the vigorous economic and demographic growth occurring in Henderson County. If the same rate of growth is experienced in the 1970's the tax base should reach \$200,000,000 by the end of the decade. The valuation is based upon a 50 percent assessment ratio. This ratio has been constant for the past ten years. If the reader is interested in a 100 percent valuation he only need double the total figure for each year. The current rate of taxation is \$1.75 on the 100 dollars. This too has remained constant (excepting 1964) for the period. The constancy of these two factors lend validity to the expenditure and tax base projections.

S E C T I O N III

THE COUNTY DEBT

In the past decade the county has pursued a policy of recapturing its expended debt capacity. All retirement schedules were met and several issues were retired ahead of maturity in Fiscal Year 1970. This policy, and the expansion of the tax base, have permitted the county to undertake a round of major capital improvements.

These include the construction of two new schools, the construction of a technical institute, and a major expansion of the county hospital. As indicated elsewhere, the bonds for these projects are due to be marketed in the late spring or early summer of this year. Unfortunately, retirement schedules are not yet available. The schedule presented below includes only the current debt. The new issue will increase the outstanding county debt to approximately \$8,200,000 and the debt service schedule roughly \$500,000 per annum for the remainder of this decade. More precise information will not be available until the exact interest rate can be determined.

In North Carolina the incurrence of debt by local governments is regulated by the State Local Government Commission. Statutory limitations dictate that a county may incur no more than 13 percent of its ad valorem tax base in bonded indebtedness. This limitation excludes revenue bonds which are retired by the proceeds of the activity they support. Of the 13 percent limitation, a maximum of 5 percent may be in support of general government and 8 percent in support of schools. These, however, are statutory limitations. Practicality dictates that the Local Government Commission make the final determination of a county's capacity for debt. Considerations used by the Commission in making the determination are:

current interest rates, the condition of the national economy, current public debt per capita, the current assessment ratio, the current ad valorem tax rate, and the overlapping debt of other governmental jurisdictions. As a general rule of thumb a county with a 50 percent assessment ratio and a tax rate in the range of the rates employed by Henderson County is allowed an 8 percent practical debt capacity. This practical figure could vary substantially in a relatively short time frame, according to the influence of the abovementioned factors.

This does not mean that the county should not attempt to estimate its future debt capacity. As soon as the new bonds are issued and an annual retirement schedule is available the following procedures should be employed:

1. Divide the projected 1980 tax base by 10, subtract this figure from 1970 base, and add each increment to the 1971 base to achieve an estimated base for the years 1971 - 1980.
2. Determine the total debt outstanding for each fiscal year and subtract this amount from 8 percent of the projected tax base for each fiscal year. The difference should equal a rough approximation of the county's debt capacity for future years.
3. This process of establishing a projected debt capacity schedule should become part and parcel of a capital improvements planning program. Capital improvements planning procedures are treated in an ensuing section of this report.

The following table depicts the annual debt service requirements for the existing debt. The table should be updated as soon as the new issue is marketed. After updating, the projection process outlined above should be accomplished.

TABLE III
ANNUAL DEBT SERVICE REQUIREMENTS

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Principal & Interest</u> |
|--------------------|------------------|---------------------------------|
| 1970 - 1971 | \$495,000 | \$623,795 |
| 1971 - 1972 | 258,000 | 370,355 |
| 1972 - 1973 | 258,000 | 360,087 |
| 1973 - 1974 | 258,000 | 349,820 |
| 1974 - 1975 | 258,000 | 339,530 |
| 1975 - 1976 | 258,000 | 329,140 |
| 1976 - 1977 | 268,000 | 328,737 |
| 1977 - 1978 | 257,000 | 307,035 |
| 1978 - 1979 | 270,000 | 309,550 |
| 1979 - 1980 | 265,000 | 293,937 |

OUTSTANDING PRINCIPAL

AT BEGINNING OF FISCAL YEAR 1970 - 71

| <u>Schools</u> | <u>General</u> | <u>Total</u> |
|----------------|----------------|--------------|
| \$2,280,000 | \$1,063,000 | \$3,343,000 |

AT BEGINNING OF FISCAL YEAR 1980 - 81

| | | |
|-----------|-----------|-----------|
| \$250,000 | \$248,000 | \$498,000 |
|-----------|-----------|-----------|

NARRATIVE

The new issue will increase the county debt to approximately \$8,200,000 or roughly $\frac{81}{2}$ percent of the ad valorem tax base which is

currently at a \$116,000,000 level. Thus, the county will have reached its practical debt capacity and major debt financed capital improvements will not be advisable for the next three to four years. However, another round of capital improvements will be feasible in the latter half of the decade.

S E C T I O N IV

SUMMARY OF COUNTY FINANCIAL CONDITIONS

Judging the financial condition of a government involves considering many factors that are not related to the balance of revenues and expenditures. In the case of Henderson County an accurate appraisal should take into consideration the current economic transition the county is experiencing. Due to the advent of new industry in the past decade, Henderson County has become a mixed and balanced economic unit. This growth pattern is having a direct impact on the county's major revenue source, the property tax.

In addition to growing property tax receipts, there are several alternatives that the county could employ for raising new revenues should the need arise. The most obvious is adjustment of the current 50 percent assessment ratio. Currently there are Congressional and State movements to relieve local units of their welfare responsibilities. A glance at the foregoing expenditures table indicates the impact that the success of either of these movements would have on county finances.

The county debt, including the impending issue, is manageable. If the service costs of the new issue are relatively close to the foregoing estimate the percentage of total budget appropriated to the debt service fund will not be altered appreciably from the same percentage for the past decade. This statement is based upon projections of the expenditure categories presented in Table One.

Generally, the county's financial condition is good.* However, there is one area that could stand improvement. A review of the county's bond ledgers revealed that most major capital improvements since 1938 have been debt financed. The county has had little choice in the matter. Bonds have been floated at regular intervals indicating that as soon as debt capacity was recaptured a new round of capital improvements became necessary. This is the current situation. Through a vigorous retirement policy, capacity has been regained only to be expended again for sorely needed capital improvements. Undoubtedly the same cycle will be repeated five or six years hence. Thus the county has not had the opportunity to avoid costly interest premiums by establishing a Capital Reserve Fund.

The abovementioned possibilities of State or Federal assumption of welfare responsibilities could provide the opportunity. In the same vein, the proposed Federal Revenue Sharing Program could provide a source of revenues for this purpose.

In the event that any of these possibilities become reality, the county should establish a Capital Reserve Fund and to the extent possible, avoid debt financing.

* This statement assumes that the county will not undertake any major capital outlays, not already planned, in the next three to five years.

SECTION V

SPACE UTILIZATION SURVEY

This survey is based upon space utilization of existing facilities by the Henderson County government. The County has recently let contracts for the construction of a new office building. A discussion of this new facility, based upon the architects drawings, will be presented at the end of the survey.

The County Courthouse

General Background

The Henderson County Courthouse was built in 1904. The structure is located on S. Main Street in the City of Hendersonville. The building houses the County Commissioners, Clerk of the Court, Superior Courtroom, Tax Supervisor, Tax Collector, Register of Deeds, and the County Accountant. While still structurally sound, the building has begun to show signs of its age. Maintenance and repair costs have increased tenfold in the past decade.* Nearly all of the departments located in the courthouse are either now, or soon to be, in need of additional space. The most pressing problem is the need for an additional courtroom. The 29th District Court must utilize the City of Hendersonville's courtroom when sitting at the same time as the County Superior Court. This inconvenience has prompted plans for building a new courtroom on the south side of the courthouse. While relieving the current court dilemma, this course of action will not alleviate the space shortages being experienced by other courthouse activities. Neither will it relieve rising maintenance and repair costs on

*County Budget Resolutions - 1960-61 through 1970-71.

the building.

The County Commissioners

The County Commissioners' offices are located on the first floor of the courthouse. They consist of two offices; one for the Commissioners and one for the secretary-receptionist to the Commissioners. The Commissioners' office has 230 square feet of floor space and the reception office contains 80 square feet of floor space. The space is adequate, however, the requirements of other activities in the courthouse have prompted a decision to relocate the Commissioners in the new office building. A discussion of their space allotment in the new building will be presented below.

The County Accountant

The Accountant's offices are located on the first floor of the courthouse. Current plans are to move this activity to the new office building. The present office contains 400 square feet of floor space. Approximately 25 percent of this space is occupied by filing cabinets. The office employs two clerks and together with the accountant their work areas require approximately 60 percent of the office space. The office also contains a large safe and a posting machine. There is no room for expansion of staff, additional equipment or storage space.

Because of the growing level of county expenditures, the need for a purchasing officer and future needs for more sophisticated equipment, the accountant should be allotted more space than is necessary to satisfy immediate requirements. In the short run the office requires an additional 100 square feet of floor space for shortage. If the county employs a purchasing director, and a staff of one clerk the activity should be located within, or adjacent, the accountant's office. This course of

action will require at least 300 feet of floor space to provide for work area and record storage.

In the event the county should decide to mechanize its accounting records, space requirements will be determined by the kinds of arrangements selected. If the county leases computer hardware, a machine room will be necessary. The type of equipment leased will determine the amount of space required. Regardless of type, a minimum of 400 feet of floor space should be planned. In addition, the room would require temperature controls and proper security devices. Should the county decide upon leasing time and core storage from a service bureau or another governmental unit, a computer room would not be necessary. However, some additional space would be required for storage of printouts, reports, etc.

As mentioned above, the accountant has been assigned space in the new office building. A discussion of the new facilities will be presented below.

The Tax Collector

The Tax Collector is located on the first floor of the County Courthouse. Currently the office employs a staff of three persons. The office contains 410 square feet of floor space. At the present time all of the available storage and shelf space is being utilized for rolls and receipt books.

In the period spanning 1957 - 1971, the number of receipts processed by the office increased 40 percent from 17,900 to 25,900. There have been no additions to the staff during the same period, but if the workload continues to increase at the same rate, one additional clerk will be required in the current decade.

Approximately 150 feet of the present floor space consists of a counter and waiting area for taxpayers. Another 70 feet is taken up in shelving and filing cabinets. The remainder is devoted to a worktable and desks for the staff. Working conditions are extremely crowded. The office has an immediate need for 100 square feet of work area. An additional 150 feet (100 for new staff members and 50 feet for storage cabinets and shelves) should be planned for the future.

The Tax Supervisor

The Tax Supervisor's office is located on the first floor of the Courthouse. The office contains 805 square feet of floor space. The activity has an additional 200 feet of storage area in the courthouse basement. The Tax Supervisor has a staff of six persons.

At the present time there is adequate space for filing and storage of records. Rolls are maintained in the first floor offices for 20 years and then rotated to the basement storage room. However, there is a need for additional work area. Although the staff has remained constant for the past ten years, it is unlikely to do so in the current decade. The tax base's annual real growth rate is approximately 4-1/2 percent, which represents a like growth rate in the office's workload. One additional employee, possibly two, for listing and clerical work will be required in the current decade. Working conditions are crowded. Approximately 30 percent of the office space is utilized for a taxpayer's counter and waiting area. Another 20 percent is devoted to shelving and filing cabinets. Also, several pillars are inconveniently located in the middle of the main employee work area. There is an immediate need for an additional 200 square feet of work area to relieve the crowded conditions

of the office. An additional 200 square feet should be planned for staff expansions in the coming ten years.

The Register of Deeds

The Register of Deeds is the only Courthouse activity not in need of more space. The office contains 2,280 square feet of floor space. Approximately 600 feet is used for administrative purposes. The remainder is divided between two large reference rooms -- one for mortgage instruments and one for deed and plat books. Roughly one-third of the storage space in the reference rooms is unused. The office plans to microfilm the deed and plat books during the current decade. Should this occur the existing facilities will suffice indefinitely. If not, there is sufficient space to accommodate another 15 to 20 years of record accumulations.

The Clerk of Court

The Clerk of the Court's offices are located on the first floor of the Courthouse. The offices consist of four rooms containing 1,460 square feet of floor space. There are two storage rooms, one on the ground floor and one in the basement, each contains 350 square feet of space. The other two rooms are used for administrative purposes and contain 500 and 260 square feet of floor space. The activity employs a staff of seven persons.

Due to the impact of the District Court system there is absolutely no room for expansion and existing conditions are extremely crowded. District Court records are being maintained in filing cabinets placed between desks and along the walls of the two rooms used for administrative purposes.

Unfortunately, only two years of experience with the District Court

does not provide an adequate history for projecting space and staff requirements under the system. At the present time the clerk could utilize another storage room containing 350 square feet of floor space for District Court records. This would relieve the congestion in the administrative offices. The number of District Court cases (criminal and civil) filed in the past two years have remained relatively constant. Therefore the county's rate of population growth has been used as a rough tool for projecting the office's caseload. Based on the past decade's 18 percent growth rate the clerk will require 100 feet of work area for one additional staff member and 200 feet of storage area in addition to the immediate requirement for 350 feet. This is a total requirement of 650 feet. The removal of the County Commissioners and the County Accountant to the new office building will provide 720 square feet of floor space. This report recommends that the vacated space be assigned to the Clerk of the Court.

The Courtroom

The Courtroom is located on the second floor of the Courthouse. It contains 1,220 square feet of floor space. The Law Library is inconveniently located in the chamber. This facility should ideally be located elsewhere in the courthouse, but there is no room. An adequate library facility would require 300 square feet of floor space. Aside from the library's location, the courtroom is large enough. However, when the District and Superior Courts sit at the same time, the former must meet in the courtroom at the Hendersonville City Hall. Plans have been made to construct a courtroom, four conference rooms, law library, and judge's offices on the south side of the courthouse. This report recommends that the existing arrangements be continued until the construction of a new

courthouse is financially feasible (a minimum of five years hence). The new courtroom complex will not remedy the space shortages of the other courthouse departments, nor will it relieve the rising maintenance and repair costs for the courthouse. Assuming the bonds for the courtroom are amortized on a twenty year schedule, there is a real possibility that the courthouse (and the proposed courtroom complex) will have to be replaced before the bonds are retired. A further discussion of the County Courthouse is presented in Section VI of this report under the subtitle Survey of Capital Improvement Needs.

The Courthouse Annex: Sheriff's Department and Jail

General Background

The County Jail was built in 1915. Structurally, the building's condition is comparable to the courthouse. Maintenance and repair costs are rising annually. The prisoners' quarters, while clean, are in need of renovations. The building houses the Sheriff's Department, the Veterans Service, matrons' quarters, kitchen, Selective Service, male prisoners' quarters, and juvenile and female prisoners' quarters.

The Sheriff's Department

The Sheriff's Department employs 16 deputies and one secretary. The department has 1,870 square feet of floor space. The space is allotted in the following manner:

| | |
|---|----------|
| General deputies office | 250 feet |
| Sheriff's office | 120 feet |
| Detective and juvenile deputies' office | 600 feet |
| Miscellaneous (lounge, bath, halls) | 450 feet |

| | |
|-----------------------------------|----------|
| Storage room | 250 feet |
| Radio room and secretary's office | 200 feet |

The present space allotment is adequate. The large room used by the deputies in charge of detection and juvenile cases should be partitioned into three 200 feet offices. One each for the foregoing deputies and a third for an additional deputy the Sheriff plans to employ to specialize in civil process. The addition of general deputies in the future will not create space requirements.

Jail Matron's Living Quarters: The matron's living quarters are located on the ground floor of the jail building. They contain 1,000 square feet of floor space. The present quarters are adequate and there is no foreseeable need for an additional matron.

Male Prisoners' Quarters: The male prisoners' quarters are located on the second floor of the jail building. The floor contains 4,200 square feet of space and accommodations for 36 inmates. Space does not present a problem, however, there is a need for renovation of facilities.

Female and Juvenile Prisoners' Quarters: The female and juvenile prisoners' quarters occupy 2,100 square feet on the third floor of the courthouse. Space is adequate, however, the quarters are not segregated and should be partitioned to provide separate cell areas for females and juveniles.

The other half of the third floor (2,100 square feet) for some inexplicable reason, is completely sealed. Directly above the female and juvenile prisoners' quarters is a fourth floor containing 2,100 square feet of floor space. This area is also sealed and has never been used. Either of these rooms could be utilized for future expansion of the jail's inmate

capacity. However, the present capacity has been determined adequate.* The third floor chamber could be used as a storage area for the county's janitorial and office supplies.

The Department of Social Services

The Department of Social Services is located 1-1/2 miles west of Hendersonville on Highway 64. The Department is housed in a rented structure containing 2,300 square feet of floor space. The Department has a staff of twenty persons; one director, two supervisors, six caseworkers, four stenographers and one secretary-receptionist. The building contains a reception area (300 square feet), one large office (250 square feet), 10 small offices (140 square feet), and approximately 350 square feet of miscellaneous space. The director and supervisors have separate offices and the rest of the staff are paired two to an office. There is a critical shortage of space for record filing and work area in each of the offices occupied by two persons. There is no conference room and no facilities for group meetings. The Department has an immediate requirement for an additional 11 offices, a conference room, and a large meeting room. Social Services has been assigned space in the new county office building. The space allotment in the new building and future requirements will be presented below.

The Mental Health Clinic

The Mental Health Clinic is located in a restored residential structure on Justice Street in Hendersonville. The house contains 1,200

* Henderson County Jail Inspection, N. C. Department of Social Services, Jail Services Division, March, 1970.

square feet of usable floor space. The space is subdivided into three offices, a kitchen, a reception area and a multi-purpose room used for conferences and clinical activities. The clinic has eight part-time employees. In the eight month period from September of 1970 to April of 1971, the clinic's case load increased from 108 to 247. Much of the increase was due to the fact that the clinic (began in late 1969) was a new activity whose services were just becoming well-known in the county. Although it is doubtful that this rate of caseload growth will be sustained, the number of patients will continue to rise. Thus, at some point in the near future, a full-time staff, additional office, and facilities for group meetings and therapy will be required. The house that the clinic is now located in is not in good structural condition, nor is the building suitable for expansion. This report recommends that the Mental Health Clinic be moved to the new county office building. A discussion of the clinic's space requirements in the new building will be presented below.

The County Health Department

The Health Department is located in a recently built structure on U. S. 76 south of Hendersonville. The building contains 4,500 square feet of floor space. The space is divided in the following manner:

| | |
|--|---------------|
| Reception area and waiting lounge | 1,200 sq. ft. |
| Examination clinic | 400 sq. ft. |
| Conference room and kitchen | 250 sq. ft. |
| Records storage room | 250 sq. ft. |
| Six offices @ 120 sq. ft. | 720 sq. ft. |
| One office and eye examination clinic | 500 sq. ft. |
| X-ray room | 200 sq. ft. |
| Miscellaneous (halls, restrooms, etc.) | 980 sq. ft. |

At the present time four personnel are without separate offices. In addition, three desks and work areas are located in the eye examination clinic. There is a need for another storage room of comparable size to the existing one. The examination clinic contains three partitioned examination cubicles. The clinic could use an additional three examination cubicles during peak examination periods.

The building is constructed in a manner amenable to expansion. The examination room should be enlarged to 500 square feet with three additional partitioned areas for examination table and equipment. An alternative to the shortage of office space might be a new wing on the north end of the structure with seven offices @ 150 square feet each and a records storage room @ 250 square feet. The conference room could be enlarged by 120 square feet by removing the partition between it and the adjacent office on the north side. These arrangements would provide individual offices for the existing staff and two vacant offices for future expansion.

New County Office Building

The new County Office Building will be located on the northeast corner of the intersection of Grove Street and Second Avenue in Hendersonville. The construction contracts have been let and the estimated date of completion is January of 1972. At this writing the County Commissioners, the County Accountant and the Department of Social Services have been assigned space in the building.

The County Commission

The Commission has been assigned 285 feet of office space in the building. The office will be located on the first floor. The secretary-

receptionist to the Commission has been assigned approximately 160 feet of office and reception area. This arrangement should serve the Commission's needs indefinitely.

The County Accountant

The Accountant has been assigned 565 square feet of office space in the building. The assigned office is located on the first floor adjacent to the Commissioners. The new location will provide 165 square feet of floor space more than the present courthouse office. The arrangement will satisfy the Accountant's immediate space requirements. However, it will not provide for future expansion. In the event a purchasing department is established it could be located in the offices assigned to the County Commission. These would provide adequate space. The Commission could move to unassigned space on the lower floor of the building.

Social Services

The remainder of the first floor of the building has been assigned to the Department of Social Services. The space will provide: 22 offices at an average of 120 square feet each, a 400 square foot lobby and reception area, a 240 square foot kitchen and lounge, and a 510 square foot conference room. An additional 1,600 square feet of space on the first floor will be utilized for miscellaneous purposes -- corridors, restrooms, storage, stairwells, etc. The new building will provide space for Social Service's current staff as well as two offices for future expansion. However, there will still be a need for a large meeting room other than the conference room for group activities.

The Lower Floor

As yet, none of the space on the basement floor of the new building has been assigned. The floor contains four large unpartitioned rooms. The two rooms on the east wing will contain approximately 2,100 square feet of floor space and 650 square feet of floor space respectively. This report recommends that the larger of these two rooms be partitioned for use by the Mental Health Clinic and that the smaller room be used for group activities by both the Department of Social Services and the Mental Health Clinic.

The two unassigned rooms on the north wing of the ground floor contain approximately 1,200 and 900 square feet of floor space respectively. The report recommends that both of these areas be used for storage for the time being. In the long run they may be needed for expansion of the activities that will be located in the building. Because of this, should other agencies desire to lease space in either of these rooms, one year contracts are recommended.

S E C T I O N VI

RECOMMENDATIONS

The recommendations that follow are founded in a rational attempt to envision future demands upon Henderson County government. The foregoing analysis of county expenditure trends underscores the fact that county government is rapidly growing.

What had once been a small public entity designed to serve the needs of a predominantly rural populace has, in the short span of a decade, become a large enterprise subject to the range of community demands commonly associated with industrial and commercial centers. A review of county budgets for the past decade indicates that a raft of new programs and projects have been undertaken. The list of new undertakings should illustrate the changing role of Henderson County government:

1. County ambulance service;
2. Solid waste disposal program;
3. Planning and zoning;
4. Mental health clinic;
5. Technical institute;
6. Several new schools;
7. Joint participation with city in waterline extensions;
8. Addition of several social services programs.

In addition to these new activities the demand increased for virtually all of the county's ongoing services.

A list of new programs, activities and services for which demands

may arise in the current decade might include:

1. Recreation facilities
2. Building inspection program
3. County-wide water system
4. Subdivision regulation enforcement
5. Expanded solid waste disposal program
6. County garage
7. Computerized accounting, purchasing, and information storage and retrieval system for tax records and court records, etc.
8. A host of interlocal cooperative arrangements with the city of Hendersonville and neighboring governmental jurisdictions.
9. County warehouse

The list, of course, is incomplete. Undoubtedly additional needs will arise. However, it does illustrate the fact that county government is growing and changing.

The recommendations are presented in three categories. The first category will deal with changes in the county's organizational structure. The second category deals with procedural changes and the third category is an inventory of capital improvement needs.

Organizational Structure:

1. Purchasing Department.

This report recommends that the county employ a full-time purchasing agent and give his activity departmental status. The recommendation is founded on an analysis of the present purchasing procedures which is treated in the following subsection dealing with procedural changes.

2. Joint City-County Planning Commission.

A joint city-county planning board needs to be established. This is not the first proposal of this nature -- the three year work programs prepared (in 1970) for each planning board projected the merging of the two boards in 1972-1973. However, present state legislation requires separate planning boards for localities having urban renewal projects and for counties enforcing subdivision regulations. Therefore, since Hendersonville is actively involved in renewal, and hopefully the county will adopt subdivision regulations, the two separate boards cannot be dissolved.

Accordingly, the following recommendation is made. The two existing planning boards will continue, each carrying out their respective responsibilities with regard to zoning, subdivision regulation and renewal. But to coordinate their efforts, create by resolution a joint cities-county planning, whose membership would be made up of the members of the city and county planning boards (ex officio), and representatives from Laurel Park. This board would have the major responsibility for developing plans for the county as a whole, and the component boards would have the major responsibility for advising their respective

governing boards concerning measures to carry out these plans (i.e. zoning, subdivision regulations, urban redevelopment). The general authority to create a joint planning board is to be found in G. S. 160-22 (relating to municipalities) and G. S. 153-9(40) (relating to counties). This is the way the Asheville-Buncombe County commission was formed.

3. Capital Improvements Planning Committee.

The county should form a capital improvements planning committee to consist of the Chairman of the County Commissioners, the county accountant and the Chairman of the Planning Commission. The committee should be responsible for the annual collation and maintenance of a capital improvements plan for the county. The procedures which might be employed by the committee are discussed in the following subsection of this report. There too, the reader will find a discussion of the reasons for this recommendation.

4. City-County Recreation Commission.

At the present time the county does not have a recreation program. There are intermediate range (3 - 5 year) plans to use a large tract (175 acres located between the city and the interstate) of land owned by the county for recreation purposes. The City of Hendersonville will soon begin construction of Patton Park, a multipurpose recreation complex financed in part with Federal funds and in part with city funds, and has already formed a recreation commission. In that the county has future plans for a recreation complex, it would be advisable to unite with the city and form a county-wide recreation commission. The proposed county-wide commission would be responsible for the following:

1. Joint support of a professional recreation director
2. County-wide year round recreation program for all age groups
3. Joint support of the operating expenses involved in a county-wide recreation program
4. City-county coordination of recreation projects to insure that the recreation needs of all the county's citizens are served equitably.

5. Building Inspection and Ordinance Enforcement Department.

The county is presently considering adopting building codes and beginning an enforcement program. Currently, the county has a part-time employee for zoning ordinance enforcement. There are also plans to adopt subdivision regulations. If the county adopts building codes it will become responsible for their enforcement in the city's one-mile extraterritorial area. Most of the county's construction is taking place in this area.

An effective job of enforcing these ordinances and codes will require two full time employees. This report recommends that the county pursue one of the following alternatives:

1. Establish a county building inspection and ordinance enforcement department employing two full time personnel;
2. Negotiate with Hendersonville to form a joint city-county inspection and ordinance enforcement department.
3. Contract with Hendersonville to have work done.

Procedural Recommendations:

1. Purchasing.

Existing purchasing procedures require that department heads obtain a purchase order from the county accountants office. Normally, the accountant certificate of approval is secured at the same time. One copy of the purchase order remains with the accountant and the department head takes two copies -- one for departmental records and one for the vendor. The purchase order retained by the accountant's office is placed in a suspense file and subsequently screened against the vendor's bill with which it corresponds. A record of encumbrances is not maintained and a precise determination of the dollar value of purchases is not available until the vendors present their bills. Occasionally department heads will circumvent this procedure. When this happens the county accountant's office has no record of the expenditure prior to receipt of the bill.

These purchasing procedures are commonly employed by smaller counties. However, due to the growth of Henderson County expenditures, this system has become extremely cumbersome. Currently the accountant's office is processing approximately 350 purchase orders a month. Conceivably, the number could double in the next ten years.

If the present system is retained inefficiencies will result. Opportunities for bulk purchase and term contract discounts will be bypassed due to a lack of data indicating common item specifications. Treasury account management and investments programs will be impaired because of a lack of an accurate record of encumbrances. Departmental personnel will devote increasing amounts of their time to purchasing and

thus neglect the provision of vital services.

The employment of a purchasing agent and creation of a purchasing department were recommended in the preceding sub-section. The following is a list of responsibilities which should be charged to the purchasing department.

1. The enforcement of a purchasing procedure.
2. Maintenance of an accurate record of encumbrances.
3. Collation of common item specifications.
4. Investigating feasibility of joint purchase with other governments of items having common specifications.
5. Negotiation of bulk purchase and term contract agreements.
6. Promote good vendor relations, by informed and fair buying practices, by strict maintenance of ethical standards and courteous, prompt reception of vendor representatives.
7. Extend assistance to other departments in determination of most suitable materials and equipment to meet their requirements.
8. Arrange interviews for using departments with suppliers' representatives.
9. Dispose of obsolete, inactive and scrap materials.
10. Administer continuing search for new and better sources of supply.

The recommended new procedure would require the following:

1. Department head makes request of supplies directly to purchasing department.

2. Purchasing department assigns control number to four copy purchase order.
3. Purchasing department ascertains price and affixes same to purchase order.
4. Enters dollar amount of purchase in encumbrance journal.
5. Presents purchase order to accountant for certificate of approval, leaving one copy for accountant.
6. Contacts vendor and makes purchase.
7. Forward one copy of purchase order to vendor and one to department head. Latter copy to be used for checking invoice.
8. Maintains one copy for receipt of bill. When bill is received match with corresponding purchase orders, update encumbrance journal and supply documents to county accountant for payment.

In addition the purchasing department should be given responsibility for formulating policies to cover emergency purchases and purchases of small items which are best left to using departments.

Staff Requirements: In addition to the purchasing agent the purchasing department will require one full-time clerical assistant. The purchasing activity will alleviate much of the county accountants workload, and that office should be able to provide several man hours of assistance to purchasing during periods of peak workload. However, as the volume of purchases continues to grow additional assistance will be required.

2. Accounting Procedures

The foregoing recommendation should relieve much of the workload of the county accountant's office. Hopefully this will allow the accountant and his staff time for analytical and managerial activities -- cost analysis of sheriff's departments, ambulance service, landfill operations, etc. The county might also give consideration to employing a consultant to recommend streamlining of the present journal-expense ledger record keeping system. Assistance is available from the North Carolina Local Government Commission and numerous private consulting firms.

With regard to county records in general and accounting records in particular the county should give long range consideration (8 - 10 years hence) to automated data processing. Some basic computer applications which have proven cost justifiable elsewhere are:

1. Criminal records
2. Police call records
3. General accounting records
4. Payroll records
5. Purchasing records
6. Inventory control
7. Treasury account management
8. Budget
9. Tax records
10. Property records
11. Building permits
12. Personnel records
13. Hospital systems (records, scheduling, billing, monitoring)
14. Welfare records

The state of computer technology is continually evolving. Most major producers are marketing smaller and less costly models each year. Given the growth rate of Henderson County government and continued improvements in hardware technology, mechanization could prove to be economically feasible within this decade. Alternative approaches to computer use are:

1. Leased time from a service bureau or other organization and;
2. Shared facilities with other governments.

There are numerous computer consultants available and the county should have a feasibility study conducted -- possibility of private firm.

The accountant's office should begin circulating management tools to department heads. On a monthly basis department heads should be provided with statements including the following information:

1. Appropriations
2. Encumbrances
3. Expenditures
4. Unencumbered, unexpended balances

This information would allow department heads to analyze past expenditures and plan future expenditures. Moreover, it would provide a valuable budget tool to both department heads and the accountant.

3. Budgeting Procedures

Under present budgeting procedures, the Chairman of the County Commissioners annually circulates a letter informing department and activity heads of the date that their budget requests are due at the county accountant's office. The accountant and his staff, in turn, analyze the requests and in view of anticipated revenues, make the

necessary adjustments. Procedures for resolving disputed requests consist of informal discussions between the Chairman of the Commissioners, the accountant, and the relevant department heads.

The budget process can be given new meaning. The fact that the budget is a governments' major policy statement is often overlooked. The budget is the statement of policy and the real definition of programs and program parameters.

An alternative to the present procedure used in Henderson County might require the following:

1. Department heads submit request.
2. On predesignated date a general meeting of all department heads, County Commissioners and county accountants should be held.
3. Presentation of an overview by county accountant to include anticipated revenues, unusual expenditures of non recurring nature, etc.
4. General discussion of budget requests and priority rankings.

This kind of approach should foster understanding of total needs and, total demands upon county resources. The result should be more responsible budgeting at department levels.

4. Capital Improvements Planning Procedures:

The foregoing section contained a recommendation that a Capital Improvements Planning Committee be formed. Excluding the school systems for which the State Board of Education prepares capital improvements surveys, no formal capital improvements planning is done by the county. Capital improvements planning is an integral factor in governmental

efficiency. Preparations for major capital improvements can take three to four years. If they are not adequately planned and prepared for in advance the result is usually a continuing state of crisis wherein existing plant is used long after obsolescence. Maintenance and repair costs soar, programs and functional operations are hindered and the government is forced to resort to costly and inefficient makeshift, interim arrangements. Like most other local units, Henderson County has not been immune to the foregoing process.

Each department head should be required to submit on an annual basis a minimum five year capital improvements plan to the proposed Capital Improvements Planning Committee. The county accountant should set the date for submission -- preferably to coincide with the submission of budget requests. The Committee should collate the individual department plans and maintain an integrated five year plan for the entire county. The plan should include the county's projected debt capacity (see Section III) and capital improvements should be assigned priority rankings.

The procedure would have the advantages of providing sufficient time to accomplish necessary financial plans as well as to coordinate Federal grants which often take several years of preparation to obtain.

Ten Year Survey of Capital Improvement Needs:

The following survey does not purport to be comprehensive. In the course of the efficiency study and a space utilization study, the need for several capital improvements, for which the county has not already planned, became apparent.

New County Courthouse

The abovementioned review of space needs revealed that virtually every activity presently located in the county courthouse is either in current need of more space or lacks adequate space for future expansion.

At this writing the county commissioners and the county accountant are planning to relocate at the new county office building in deference to the expanding space requirements of the Clerk of the Court. The tax supervisor and tax collector are currently in need of more space. A courtroom annex is planned to accommodate the District Court (currently housed in inadequate city facilities) and the county's law library is inconveniently located in the Superior Courtroom.

The sheriff's department and the county jail, located in an annex directly behind the courthouse, are inadequate. The jail is in need of a major renovation and the sheriff can justify the use of more space for record storage and administrative functions.

All of these departments are functionally interrelated and to the extent that they will have to be located elsewhere, inefficiencies will result.

There is another consideration: maintenance and repair expense on the jail and courthouse increased from \$2500 in 1961 to \$25,000 in 1970. The courthouse was constructed in 1904 and the jail was constructed in 1915. The rising maintenance and repair outlays can be expected to continue.

In the interest of efficiency plans should begin now to construct a new courthouse sometime in the latter half of this decade. The structure should be designed to accommodate all of the abovementioned activities. A possible alternative to a new courthouse is joint

participation with the City of Hendersonville in the construction of a governmental complex designed to serve the needs of both the city and county.

The present courthouse site is ideally located on South Main Street in downtown Hendersonville. If it is feasible to raze the present structure and use the existing site, the report recommends that course of action. If this cannot be done the report recommends that an alternative site be selected. The new site should be located as close as possible to the new county office building in downtown Hendersonville.

2. County Health Department

The County Health Department is located in a structure on U. S. 176 South. The Health Department is estimated to have 4,500 square feet of space. The department head feels that he will need 3,000 square feet to accommodate administrative functions and program expansion. The building is relatively new and constructed in a manner which is convenient for expansion.

3. Sanitary Landfill

The county has recently purchased a large tract of land for solid waste disposal purposes. Plans are to use part of the parcel for recreation. In order to meet the requirements of the State Board of Health, certain capital outlays will be necessary to prepare the site for proper disposal operation. These will include some grading, and the installation of an all weather access road. The county will have to purchase heavy equipment to operate the fill.

4. Recreation Complex

As mentioned above, the county intends to build a recreation complex. This could involve a major capital outlay and it is not too soon to gather project cost estimates and begin financial planning.

5. Water System

The county should investigate the feasibility of assuming responsibility for a county-wide water distribution system. Although this is not contemplated in the near future, given Henderson County's economic growth rate it may become a desirable undertaking later in the decade.

County Garage

The county presently has a building used for heavy equipment storage which is suitable for a county garage. The county owns most of the equipment necessary for garage operations. A small outlay may be necessary for a hydraulic lift. If the fleets of ambulances and sheriff's department cruisers continue to grow there may be a need for expanding the facility. Although this doesn't fall under the heading of capital needs, the county might investigate the possibility of servicing city vehicles at its planned garage. Contractual arrangements could significantly reduce the cost of vehicle maintenance to both governments.

APPENDIX

The county and city school systems have only been alluded to in this report. The reason for this is that their planning is accomplished by the State Board of Education. The State Board holds that there are no major capital improvements planned for the county in the near future. Several schools will require extensive renovations in the coming years. If possible, these should be budgeted annually into the school capital outlay fund. The extent and cost of the renovations will determine if this is possible. The recommendation concerning budgeting procedures is meant to include the school system and the proposed purchasing agent should make his expertise available to the superintendent of schools. In addition, the superintendent of schools should be required to apprise the proposed capital improvements committee of projected capital requirements on an annual basis.

Throughout the report there are numerous allusions to the county's growth in population and economic activity. The interested reader should refer to 1970 preliminary Bureau of Census reports and to a comprehensive population and economy report prepared for the county in 1966 by the Western North Carolina Regional Planning Commission.

